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CHARNIS

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

CHARNIS, a California Corporation,

Plaintiff,

vs.

SKULLCANDY, INC., a Delaware
Corporation,

Defendant.

CASE NO.

**COMPLAINT FOR DECLARATORY
JUDGMENT**

JURY TRIAL DEMANDED

1 Plaintiff, Charnis, complaining of the defendant herein, respectfully shows to
2 this Court, and alleges as follows:

3 **THE PARTIES**

4 1. Plaintiff Charnis DBA CandyWirez, (“Plaintiff”) is a California
5 Corporation with its principal place of business located at 11040 Santa Monica Blvd.
6 Suite #220, Los Angeles, California 90025.

7 2. Defendant Skullcandy, Inc. (“Defendant”) is a Delaware Corporation
8 with its principal place of business located at 6301 North Landmark Drive, Park
9 City, Utah 84098.

10 **JURISDICTION AND VENUE**

11 3. This Court has original jurisdiction over the subject matter of this action
12 pursuant to 15 U.S.C. § 1121, 28 U.S.C. §§ 1331 and 1338, and 28 U.S.C. §§ 2201
13 and 2202.

14 4. Upon information and belief, Defendant is subject to personal
15 jurisdiction in this Court, because Defendant operates its business in this judicial
16 district, and has continuously and systematically transacted business and supplied
17 goods and services directed to consumers residing in this judicial district, including
18 to some extent using the challenged marks at issue in this judicial district.
19 Furthermore, Defendant affirmatively reached out and performed acts in this
20 jurisdiction with respect to the trademark at issue. Upon information and belief,
21 Defendant regularly and continuously transacts business in the Central District of
22 California, is continuously engaged in substantial and not isolated activity within the
23 Central District of California, and has otherwise engaged in conduct sufficient to
24 subject Defendant to the personal jurisdiction of this Court in accordance with due
25 process.

26 5. Defendant has purposefully availed itself of the benefit of this State and
27 judicial district, such that maintenance of suit in this judicial district would not
28 violate due process.

1 6. Venue in this district is proper under 28 U.S.C. § 1391 because a
2 substantial part of the events or omissions giving rise to the claim occurred in this
3 district.

4 7. Plaintiff further demands a trial by jury in all matters triable by a jury.

5 **FACTUAL BACKGROUND**

6 8. Plaintiff is a mobile phone accessories company that designs and
7 distributes fashion-forward and art-inspired products. Plaintiff's products include
8 power cables, power banks, wireless chargers, earphones, earbuds, and screen
9 protectors.

10 9. Plaintiff markets and distributes its products under the mark
11 CANDYWIREZ.

12 10. Plaintiff's use of the CANDYWIREZ mark includes selling products
13 through Amazon.com with an account name of CANDYWIREZ and through its own
14 website at www.candywirez.com.

15 11. Plaintiff owns U.S. Trademark Registration No. 4,878,294 for the mark
16 CASE STUDY BY CANDYWIREZ for "cell phone cases; protective cases for
17 smartphones; protective covers for smartphones" and U.S. Trademark Registration
18 No. 5,135,714 for the mark CANDYWIREZ for "cases for mobile phones; Cell
19 phone battery chargers; Cell phone battery chargers for use in vehicles; Screen
20 protectors comprised of tempered glass adapted for use with portable electronic
21 devices; USB cables; USB charging ports; Carrying cases, holders, protective cases
22 and stands featuring power supply connectors, adaptors, speakers and battery
23 charging devices, specially adapted for use with handheld digital electronic devices,
24 namely, cell phones." (collectively "CANDYWIREZ Registrations").

25 12. Plaintiff owns U.S. Trademark Application Serial No. 87456741 for the
26 stylized mark **candy///irez** for "carrying cases for cell phones; Cases adapted for
27 mobile phones; Cases for mobile phones; Cell phone battery chargers; Cell phone
28 cases; Cell phone covers; Earbuds; Electric charging cables; Micro USB cables;

1 Mobile phone cases featuring rechargeable batteries; Rechargeable batteries; Screen
 2 protectors comprised of tempered glass adapted for use with portable electronic
 3 devices; USB cables; Wireless ear buds.” (“CANDYWIREZ Application”).

4 13. On December 27, 2017 Defendant filed a Notice of Opposition against
 5 the CANDYWIREZ Application at the United States Patent and Trademark Office
 6 (“USPTO”) before the Trademark Trial and Appeal Board (“TTAB”). The TTAB
 7 proceeding was assigned Proceeding No. 91238628 (“the Opposition Proceeding”).
 8 A true and accurate copy of the Notice of Opposition is attached as Exhibit 1.

9 14. Upon information and belief, Defendant owns four U.S. Trademark
 10 Registrations for the mark SKULLCANDY, including:

- 11 – U.S. Trademark Registration No. 3,168,695 for “devices for hands-free
 12 use of mobile phones; earphones; headphones in Class 9,” U.S.
 13 Trademark Registration No. 3,726,304 for “retail store services, kiosks
 14 and online retail store services featuring devices for hands-free use of
 15 mobile phones, digital audio players, digital phones, earphones,
 16 headphones, MP3 players, portable listening devices, namely, MP3
 17 players, portable media players, covers for portable media players,
 18 digital phones, earphones, and headphones, protective helmets, sacks or
 19 bags, namely, backpacks, messenger bags, all purpose sports and
 20 athletic bags, clothing and headwear, namely, tshirts, sweatshirts, * and
 21 * hats in Class 35,”
- 22 – U.S. Trademark Registration No. 4,622,094 for “audio speakers;
 23 portable speakers; speaker docks; dock speakers for mobile audio
 24 players; headsets for use with computers; audio equipment for use in
 25 connection with helmets, namely, speakers, headphones, earphones, and
 26 microphones that can be attached to or integrated into a helmet; cases
 27 for mobile phones and cell phones in Class 9,” “headsets for use with
 28 game consoles and video games; audio and visual headsets for use in

1 playing video games; gaming headsets adapted for use in playing video
2 games in Class 28,” and “custom design of products based on personal
3 selections made by consumers, namely, devices for hands-free use of
4 mobile phones, earphones, headphones, portable speakers, headsets for
5 use with computers, game consoles and video games; custom design of
6 products, namely, devices for hands-free use of mobile phones,
7 earphones, headphones, portable speakers, headsets for use with
8 computers, game consoles and video games based on personal
9 selections made by consumers through the temporary use of a web-
10 based software application in Class 42”

- 11 – U.S. Trademark Registration No. 5,215,305 for “musical sound
12 recordings, audiovisual recordings featuring music, downloadable
13 music and audiovisual recordings featuring music, video recordings
14 featuring music and musical artists, digital music downloadable via the
15 Internet and mobile applications in Class 9.”
16 (collectively “SKULLCANDY Registrations”).

17 15. Upon information and belief, Defendant owns U.S. Trademark
18 Registration No. 4,049,486 for the mark ICANDY for “headphones; earphones”
19 (hereafter “ICANDY Registration”).

20 16. Defendant asserted in the Opposition Proceeding that there was a
21 likelihood of confusion between Plaintiff’s CANDYWIREZ mark and the
22 SKULLCANDY Registrations.

23 17. Defendant asserted in the Opposition Proceeding that there was a
24 likelihood of confusion between Plaintiff’s CANDYWIREZ mark and the ICANDY
25 Registration.

26 18. On Tuesday January 22, 2019, counsel for Plaintiff and counsel for
27 Defendant communicated via telephone regarding the legal interests of each party.
28 During the phone call counsel for Defendant informed counsel for Plaintiff that

1 Defendant “has not ruled out” federal trademark litigation against Plaintiff for
2 Plaintiff’s use of the CANDYWIREZ mark.

3 19. Defendant has a history of suing those with applications it is opposing
4 before the TTAB in federal court for trademark infringement. This history is known
5 to Plaintiff. In 2012 Defendant opposed the application for the mark
6 SKULLBREAKER before the TTAB which was assigned proceeding number
7 91203081. Defendant filed a complaint for trademark infringement against the other
8 party in this proceeding on September 18, 2012 in the Central District of California
9 and captioned *Skullcandy, Inc. v. Zeikos, Inc., et al.*, Case No. SACV12-1572
10 AG(JPRx). A true and accurate copy of Defendant’s Motion to Suspend Opposition
11 Proceeding No. 91203081 with the complaint for *Skullcandy, Inc. v. Zeikos, Inc. et*
12 *al.* is attached as Exhibit 2.

13 20. Under all of the circumstances, there a substantial controversy between
14 Plaintiff and Defendant. Plaintiff and Defendant have adverse legal interests of
15 sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

16 COUNT ONE

17 (Seeking a Declaration that Plaintiff Does Not Infringe – 15 U.S.C. § 1114)

18 21. Plaintiff herein repeats, realleges and reiterates each and every
19 allegation as set forth in Paragraphs 1 through 20 as if fully set forth herein.

20 22. A real and actual controversy exists between the parties as to the
21 parties’ legal rights to sell, market and advertise power cables, power banks,
22 wireless chargers, earphones, earbuds, and screen protectors. Plaintiff and Defendant
23 have adverse interests in the subject matter of the dispute.

24 23. Plaintiff seeks a declaratory judgment that its past and any potential
25 future sale of power cables, power banks, wireless chargers, earphones, earbuds, and
26 screen protectors under its CANDYWIREZ Mark does not infringe and at all times
27 has never infringed, any existing and valid U.S. Trademark registration owned by
28

1 the Defendant under the Lanham Act, 15 U.S.C. § 1114, including, but not limited
2 to, the SKULLCANDY Registrations and the ICANDY Registration.

3 **COUNT TWO**

4 **(Seeking a Declaration that Plaintiff Does Not Unfairly Compete – 15 U.S.C. §**
5 **1125(a))**

6 24. Plaintiff herein repeats, realleges and reiterates each and every
7 allegation as set forth in Paragraphs 1 through 20 as if fully set forth herein.

8 25. A real and actual controversy exists between the parties as to the
9 parties' legal rights to sell, market and advertise power cables, power banks,
10 wireless chargers, earphones, earbuds, and screen protectors. Plaintiff and Defendant
11 have adverse interests in the subject matter of the dispute.

12 26. Plaintiff seeks a declaratory judgment that its past and any potential
13 future sale of power cables, power banks, wireless chargers, earphones, earbuds, and
14 screen protectors under its CANDYWIREZ Mark is not likely to cause confusion,
15 mistake or deception as between the source, association, or affiliation of the
16 products, services or businesses and does not unfairly compete with Defendant under
17 the Lanham Act, 15 U.S.C. § 1125(a).

18 27. Plaintiff seeks a declaratory judgment that its past and any future sales
19 of power cables, power banks, wireless chargers, earphones, earbuds, and screen
20 protectors under its CANDYWIREZ Mark does not infringe and has not infringed
21 upon any existing and valid trademarks owned by Defendant, and has not caused any
22 injury to Defendant under the Lanham Act, 15 U.S.C. § 1125(a).

23 **COUNT THREE**

24 **(Seeking a Declaration that Plaintiff's CANDYWIREZ Mark does not dilute**
25 **Defendant's Trademarks)**

26 28. Plaintiff herein repeats, realleges and reiterates each and every
27 allegation as set forth in Paragraphs 1 through 20 as if fully set forth herein.
28

29. A real and actual controversy exists between the parties as to the parties' legal rights to sell, market and advertise power cables, power banks, wireless chargers, earphones, earbuds, and screen protectors. Plaintiff and Defendant have adverse interests in the subject matter of the dispute.

30. Plaintiff seeks a declaratory judgment that its past and any potential future sale of power cables, power banks, wireless chargers, earphones, earbuds, and screen protectors under its CANDYWIREZ Mark does not and will not dilute Defendant's SKULLCANDY Registrations or ICANDY Registration under the Lanham Act, 15 U.S.C. § 1125(c).

COUNT FOUR

**(Seeking a Declaration that Plaintiff Does Not Infringe Common Law
Trademark Rights)**

31. Plaintiff herein repeats, realleges and reiterates each and every allegation as set forth in Paragraphs 1 through 20 as if fully set forth herein.

32. A real and actual controversy exists between the parties as to the parties' legal rights to sell, market and advertise power cables, power banks, wireless chargers, earphones, earbuds, and screen protectors. Plaintiff and Defendant have adverse interests in the subject matter of the dispute.

33. Plaintiff seeks a declaratory judgment that its past and any potential future sale of power cables, power banks, wireless chargers, earphones, earbuds, and screen protectors under its CANDYWIREZ Mark does not infringe and at all times has never infringed, any existing common law trademark rights (whether of California or any other jurisdiction as this Court may determine is applicable) owned by Defendant, including but not limited to the mark SKULLCANDY and the mark ICANDY.

COUNT FIVE

**(Seeking a Declaration that Plaintiff Does Not Unfairly Compete with
Defendant Under Common Law)**

34. Plaintiff herein repeats, realleges and reiterates each and every allegation as set forth in Paragraphs 1 through 20 as if fully set forth herein.

35. A real and actual controversy exists between the parties as to the parties' legal rights to sell, market and advertise power cables, power banks, wireless chargers, earphones, earbuds, and screen protectors. Plaintiff and Defendant have adverse interests in the subject matter of the dispute.

36. Plaintiff seeks a declaratory judgment that its past and any potential future sale of power cables, power banks, wireless chargers, earphones, earbuds, and screen protectors under its CANDYWIREZ Mark does not and will not unfairly compete under common law (whether of California or any other jurisdiction as this Court may determine is applicable) with Defendant.

COUNT SIX

(Cancellation of Federal Trademark Registration No. 4,049,486- 15 U.S.C. § 1064)

37. Plaintiff herein repeats, realleges and reiterates each and every allegation as set forth in Paragraphs 1 through 20 as if fully set forth herein.

38. Plaintiff seeks cancellation of Trademark Registration No. 4,049,486 under 15 U.S.C. § 1064.

39. Defendant's ICANDY Registration covers "headphones; earphones."

40. Plaintiff performed research and could not locate any use of the mark ICANDY attributable to Defendant.

41. Plaintiff found use of the ICANDY mark in connection with “headphones; earphones” by third parties.

42. Upon information and belief, Defendant has ceased using the ICANDY mark in relation with “headphones; earphones.”

43. Alternatively, upon information and belief, Defendant has acquiesced to the unlicensed use of the ICANDY Registration by unrelated third parties to the point that Defendant has abandoned the ICANDY Registration.

44. Alternatively, upon information and belief, Defendant has entered into naked licensing of the ICANDY Registration with unrelated third parties and has not monitored the use of the ICANDY Registration by third parties or controlled the quality of the products on which third parties use the ICANDY mark to the point that Defendant has abandoned the ICANDY Registration.

45. Upon information and belief, Defendant has abandoned the ICANDY Registration without intent to resume use of the ICANDY Registration.

46. Trademark Registration No. 4,049,486 should be cancelled due to abandonment of the ICANDY Registration by Defendant.

47. Third-Party Defendants seek a declaration cancelling the Trademark Registration No. 4,049,486.

COUNT SEVEN

(Cancellation of Federal Trademark Registration No. 3,726,304- 15 U.S.C. § 1064)

48. Plaintiff herein repeats, realleges and reiterates each and every allegation as set forth in Paragraphs 1 through 20 as if fully set forth herein.

49. Plaintiff seeks cancellation of Trademark Registration No. 3,726,304 under 15 U.S.C. § 1064.

50. On January 2, 2016 Defendant filed a Section 8 renewal for Trademark Registration No. 3,726,304.

51. As part of the renewal, Defendant declared under oath that the SKULLCANDY mark “is in use in commerce on or in connection with the following goods or services listed in the existing registration for this specific class; or, the owner is making the listed excusable nonuse claim: Retail store services, kiosks and online retail store services featuring devices for hands-free use of mobile phones, digital audio players, digital phones, earphones, headphones, MP3 players, portable listening devices, namely, MP3 players, portable media players, covers for portable media players, digital phones, earphones, and headphones, sacks or bags,

1 namely, backpacks, messenger bags, all purpose sports and athletic bags, clothing
2 and headwear, namely, t-shirts, sweatshirts and hats.”

3 52. Defendant intended for the USPTO to rely on this statement made by
4 Defendant when it renewed the registration for Trademark Registration No.
5 3,726,304.

6 53. The USPTO relied on this statement made by Defendant when it
7 renewed the registration for Trademark Registration No. 3,726,304.

8 54. Upon information and belief Defendant was no longer using the
9 SKULLCANDY mark on MP3 players prior to filing the renewal on January 2,
10 2016. Defendant filed a Section 8 and Section 15 renewal of the mark
11 SKULLCANDY for Trademark Registration No. 3,168,695 on November 7, 2012.
12 Under this renewal Defendant deleted “Digital audio players; Digital phones; MP3
13 players; Portable listening devices, namely, MP3 players; Portable media players”
14 from Trademark Registration No. 3,168,695.

15 55. Defendant committed fraud on the USPTO when it filed the Section 8
16 renewal for Trademark Registration No. 3,726,304 and made the statement that it
17 was using the SKULLCANDY mark on “in use in commerce on or in connection
18 with... Retail store services, kiosks and online retail store services featuring ... MP3
19 players, portable listening devices, namely, MP3 players, portable media players...”

20 56. Trademark Registration No. 3,726,304 should be cancelled due to the
21 fraud perpetuated by Defendant.

22 57. Plaintiff seeks a declaration cancelling Trademark Registration No.
23 3,726,304.

24 **PRAYER FOR RELIEF**

25 WHEREFORE Plaintiff prays for a declaratory judgment that:

26 (1) Any past and any potential future sale of power cables, power banks, wireless
27 chargers, earphones, earbuds, and screen protectors under Plaintiff’s
28 CANDYWIREZ Mark by Plaintiff does not infringe and at all times has never

1 infringed, any existing and valid U.S. Trademark registration owned by the
2 Defendant under the Lanham Act, 15 U.S.C. § 1114, including, but not limited to,
3 Defendant's SKULLCANDY Registrations or ICANDY Registration.

4 (2) Any past and any future sales of Any past and any potential future sale of
5 power cables, power banks, wireless chargers, earphones, earbuds, and screen
6 protectors under Plaintiff's CANDYWIREZ Mark by Plaintiff does not infringe and
7 has not infringed upon any existing and valid trademarks owned by Defendant, and
8 has not caused any injury to Defendant under the Lanham Act, 15 U.S.C. § 1125(a);

9 (3) Any past and any potential future sale of power cables, power banks, wireless
10 chargers, earphones, earbuds, and screen protectors under Plaintiff's
11 CANDYWIREZ Mark by Plaintiff does not infringe and at all times has never
12 infringed, any common law trademark rights owned by Defendant;

13 (4) Plaintiff has not and will not unfairly compete with Defendant by selling
14 power cables, power banks, wireless chargers, earphones, earbuds, and screen
15 protectors under Plaintiff's CANDYWIREZ Mark;

16 (5) Any past and any potential future sale of power cables, power banks, wireless
17 chargers, earphones, earbuds, and screen protectors under Plaintiff's
18 CANDYWIREZ Mark by Plaintiff will not dilute any trademark registration owned
19 by Defendant pursuant to 15 U.S.C. § 1125(c);

20 (6) Defendant, its officers, agents, servants, employees and attorneys, and all
21 those in active concert or participation with them or any of them, be preliminarily
22 and permanently enjoined and restrained from instituting, prosecuting or threatening
23 any action against Plaintiff, its affiliates or anyone in privity with it, in connection
24 with the SKULLCANDY Registrations or the ICANDY Registration;

25 (7) The Court enter Judgment that the Trademark Registration Trademark No.
26 4,049,486 is cancelled, pursuant to 15 U.S.C. § 1064;

27 (8) The Court enter Judgment that the Trademark Registration Trademark No.
28 3,726,304 is cancelled, pursuant to 15 U.S.C. § 1064;

(9) The Court grant Plaintiff any such other and further relief as this Court seems, just, proper and equitable under the facts and circumstances presented herein.

Dated: January 31, 2019

Respectfully submitted,

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